

Organizations that make application to the Department and are determined to be exclusively religious, educational, or charitable, receive an exemption identification "E" number. See 86 Ill. Adm. Code 130.2007. (This is a GIL.)

February 2, 1999

Dear Mr. Xxxxx:

This letter is in response to your letter dated December 21, 1998. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

Enclosed you will find a letter from the Illinois Department of Revenue dated October 27, 1977 to BUSINESS. We use the letter when we explain to a tax exempt organization why they must pay tax on events where tickets are sold to the event.

We would like an update to the letter. Some chairmen point to the date of the letter and say it is not current information.

In addition I have enclosed a copy of the letter that we make a group chairman sign to complete our records. Please review it and make any appropriate suggestions.

Thank you for your assistance.

Please note that organizations that make application to the Department and are determined to be exclusively religious, educational, or charitable, receive an exemption identification "E" number. See the enclosed copy of 86 Ill. Adm. Code 130.2007. This number evidences that this State recognizes that the organization qualifies as exempt from incurring Use Tax when purchasing tangible personal property in furtherance of its organizational purpose. Sales to a governmental body are subject to tax unless the governmental body has an active exemption identification "E" number. See the enclosed copy of 86 Ill. Adm. Code 130.2080. If an organization or governmental body does not have an "E" number, then its purchases are subject to tax. Please be aware that only sales to the organization or governmental body holding the "E" number are exempt, not sales to individual members of the organization.

When making sales to exempt organizations, companies must retain a Certificate of Resale or be provided with an "E" number for a sale to an organization or governmental body to be tax exempt.

Organizations that have "E" numbers may also engage in a limited amount of retail selling without incurring Retailers' Occupation Tax liability. These limited amounts of selling are described in the enclosed copy of 86 Ill. Adm. Code 130.2005(a)(2) through (a)(4). An exempt organization may engage in sales to members, noncompetitive sales, and certain occasional dinners and similar activities (two fundraisers a year) without incurring Retailers' Occupation Tax liability. Application for and receipt of an "E" number issued by the Department's Office of Local Government Services is a prerequisite to exemption from Retailers' Occupation Tax liability in these limited circumstances.

In regards to sales to members, please note that the population to which sales are made is limited to persons specifically associated with that exempt organization and must be for the primary purpose of the selling organization. If such sales are made to the public at large, the selling activity is subject to the Retailers' Occupation Tax. See section 130.2005(a)(2) through (a)(4).

If organizations possessing exemption numbers, however, engage in ongoing selling activities (such as Little League concession stands or sales of items in a thrift shop run by a church), they must also register with the Department as retailers, file returns and remit tax. Such organizations must provide their suppliers with Certificates of Resale when making purchases for resale. Illinois law requires a Certificate of Resale to contain the information set out in 86 Ill. Adm. Code 130.1405(b), enclosed. A valid Certificate of Resale must contain the following:

1. a short statement from the purchaser that the items are being purchased for resale;
2. the seller's name and address;
3. the purchaser's name and address;
4. the purchaser's signature and date of signing;
5. a sufficient identification or description of the items purchased for resale; and
6. one of the following:

the purchaser's registration number with the Illinois Department of Revenue,

the purchaser's resale number issued by the Illinois Department of Revenue, or

a statement that the purchaser is an out-of-state purchaser who will sell only to purchasers located outside the State of Illinois

I hope this information is helpful. The Department of Revenue maintains a Web site which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

ST 99-0048-GIL

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Melanie A. Jarvis  
Associate Counsel

MAJ:msk  
Enc.